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C O N F I D E N T I A L SEOUL 000636

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SUBJECT: BY-ELECTION BECOMES DP, GNP INTRA-PARTY FIGHT

REF: SEOUL 00590

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

11. (C) SUMMARY: Candidate registration closed on April 15 for the five seats that are up for grabs in the April 29 by-election. Since the general election last year, five lawmakers -- two from the ruling Grand National Party (GNP), one from the Democratic Party (DP), and two independents -- lost their seats because of illegal activities. These five seats are inconsequential in terms of numbers; the GNP holds more than twice as many seats as the DP, the second-largest party. Each race, however, is more interesting for gauging the rivalries within the two largest parties. There is a plausible competition between conservatives and liberals in only two of the five races, which will allow the electorate to cast judgment on the respective parties' performance. In the other three races, however, liberals and conservatives are pitted against themselves, providing important insight into the relative power of intra-party factions. END SUMMARY.

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By-Election  
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12. (SBU) Official campaigning for the April 29 by-election started on April 16, as the deadline for candidate registration passed the day before. Voters will have the opportunity to cast ballots to fill five vacant National Assembly seats and vote for education office heads, local legislative council members, and a new mayor in the town of Siheung, Gyeong-gi Province. The five National Assembly seats are as follows: Bupyeong District, Incheon; Buk District, Ulsan; the Deokjin and Wansan Districts, Jeonju, North Jeolla Province; and the city of Gyeongju, North Gyeongsang Province. The ruling GNP and the DP, the largest opposition party, both fielded candidates in all five districts. While minor parties nominated candidates for one or two districts, fourteen independent candidates also declared bids for the National Assembly seats.

13. (C) The most hotly contested conservative versus liberal match-ups will be in Bupyeong and Ulsan. The outcome of the Bupyeong election in particular will be an interesting referendum on the relative performance of the GNP, struggling to distance itself from conservative President Lee Myung-bak's unpopular policies, and of the DP, beleaguered by weak leadership and a corruption probe involving former President Roh Moo-hyun. In the two seats in the DP's stronghold of Jeolla Province, independent liberal candidates

-- one of whom is former presidential candidate Chung Dong-young -- are likely to beat their DP rivals. In the conservative bastion of North Gyeongsang, a candidate close to President Lee Myung-bak is pitted against an independent conservative candidate allied with Park Geun-hye, Lee's rival for power within the GNP. Both the Jeolla and Gyeongsang elections have the potential to exacerbate deep rifts within the respective parties.

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Bupyeong-Eul, Incheon City  
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¶4. (SBU) The Bupyeong District in Incheon is the only constituency in which major-party liberals and conservatives are evenly divided and in a head-to-head match up. In the April 2008 general National Assembly election, the GNP candidate beat his DP rival by a 5.3 percent margin. The district is strongly influenced by the GM Daewoo Motor labor union and chose liberal candidates in the previous two elections. Now, however, only two of Incheon's 12 lawmakers are DP and the rest are from the GNP. For the upcoming election, the DP nominated Hong Young-pyo, a former GM Daewoo labor union member and a former senior Ministry of Finance and Economy (now the Ministry of Strategy and Finance) official. The GNP nominated Lee Jae-hoon, a former Ministry of Commerce, Industry, and Energy (Ministry of Knowledge Economy) vice-minister. An April 15 poll showed the two neck-and-neck, with approval ratings for Lee (GNP) at 29.7 percent and Hong (DP) at 29.1 percent. The two candidates will also have to fend off competition from others on their respective sides of the political spectrum. The leftist Democratic Labor Party (DLP) nominated a candidate, potentially splitting the progressive vote, and a conservative independent candidate could detract from the GNP candidate's support.

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Buk District, Ulsan City  
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¶5. (SBU) The industrial town of Ulsan, where Hyundai Motors is headquartered, is dominated by labor unions, but the GNP has managed to win two of the past three elections because of divisions on the left and the conservative leanings of the region. For this month's election, the GNP nominated Park Dae-dong, a former chairman of the Korea Deposit Insurance Corporation known for his economic expertise. Two minor progressive parties -- the DLP and the New Progressive Party (NPP) -- each nominated a candidate, Kim Chang-hyun and Cho Seung-soo, respectively. The liberals have vowed to unite behind a single candidate, but so far have been unable to agree, increasing the likelihood of a GNP win. In an April 15 poll, 19 percent supported Park (GNP), 17.8 percent supported Cho (NPP), and 11.8 percent supported Kim (DLP), while 43 percent were undecided.

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Deokjin District, Jeonju City, North Jeolla Province  
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¶6. (SBU) Earlier this month liberal former presidential candidate Chung Dong-young, recently returned from a sabbatical in the United States, announced his intention to run in his former constituency and hometown of Deokjin. The announcement sparked controversy within the DP and eventually the party's leadership denied Chung the nomination (reftel). Chung then registered to run as an independent against the party nominee, Kim Geun-sik, a North Korea expert and professor from Kyungnam University. Chung is still very popular in his old constituency and is expected to beat Kim, who was chosen by current DP leader Chung Sye-kyun, Chung Dong-young's DP rival who blocked him from getting the DP nomination.

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Wansan District, Jeonju City, North Jeolla Province  
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17. (SBU) Wansan, which neighbors Deokjin, also features a liberal independent candidate up against a DP candidate. The independent candidate, Shin Khun, is a former National Intelligence Service chief -- under former President Kim Dae-jung -- allied with Chung Dong-young. The DP candidate is Lee Kwang-cheol, a former lawmaker and member of the 3-8-6 generation close to party leader Chung Sye-kyun and former President Roh Moo-hyun. Chung Dong-young's support, along with Shin's own solid standing with DP voters, makes Shin a strong candidate, while Lee's affiliation with Roh, currently the target of a corruption investigation, lessens his chances of winning. The two Jeolla races will ultimately determine who has more power among liberals -- DP Chief Chung Sye-kyun or former presidential candidate Chung Dong-young.

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Gyeongju City, North Gyeongsang Province  
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18. (SBU) In the conservative stronghold of Gyeongsang Province, a supporter of President Lee Myung-bak will face off against a candidate close to Lee's political rival, GNP lawmaker Park Geun-hye. The area is close to Park's hometown and this seat was previously filled by one of her supporters.

Chung Soo-sung, a retired Army General who served as Park Geun-hye's top advisor on security issues, will run as an independent. Although it is not politically feasible for Park to voice support for Chung, her support group, Park-Sa-Mo (the Park fan club), has already announced its support. The pro-Lee GNP candidate in the by-election, Chung

Jong-bok, served previously as GNP Deputy Secretary-General and played a role in preventing Park supporters from getting GNP nominations in the April 2008 elections. The race will pit the area's long-standing support for the GNP against Park's personal popularity. According to a poll conducted on April 15, Chung Soo-sung's (pro-Park) approval rate was 33.3 percent and Chung Jong-bok's (pro-Lee) was 33.1 percent.

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Comment  
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19. (C) Many political observers thought the April 29 by-election would be a referendum on the Lee Myung-bak Administration and the GNP -- the first election since Lee took office in February 2008 and the GNP won power in the National Assembly in April 2008. In fact, the by-elections have become intra-party referendums on the parties' leadership and futures. The Gyeongju race is an important barometer of Park Geun-hye's popularity, which has increased in the party but has been static among the public. Whichever faction wins, Lee or Park, will have a stronger claim on power within the GNP, but the outcome will not effect the overall strength of the party. The DP, however, already weakened by Chung Dong-young's failure in the 2007 presidential election and the party's poor showing in the 2008 National Assembly elections has the most to lose. If the DP fails to win any seats, a probable scenario, the leadership will likely have to step down to take responsibility for the party's poor performance. Chung Dong-young has already announced his intention, if he is successful at winning as an independent, to return to the DP as its leader. Party stalwarts are concerned for the party's future and wonder aloud whether it can survive a split precipitated by Chung Dong-young and the fallout of the Roh Moo-hyun bribery scandal.

STEPHENS